

**FUNDING ALTERNATIVES
FOR
CAREER FIRE DEPARTMENTS –A NON-PROFIT PERSPECTIVE**

Executive Development

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Abstract

The problem was the Bloomington Fire Department could not receive nor apply direct, public financial support toward its operation without complexity. The research purpose was to investigate creating a non-profit foundation to support the fire department. The research was descriptive asking the questions: How was a non-profit foundation structured? What was involved in starting a non-profit foundation? Who should be selected as the leadership of the foundation? What would the foundation support in the Bloomington Fire Department? How would the foundation support relate to the city budget funding?

The research used seven procedural steps including review of current fire department allocation process and literature review. Additional procedures included researching state requirements, identifying Incorporators, review of other non-profit Boards to propose an appropriate fire department foundation Board, and defining the purpose and municipal financing relationship for the foundation.

Results indicated the Foundation should form as the corporate structure. The Fire Chief and Deputy Chief, as the Incorporators, should file Articles of Incorporation with the corporate name and other required information. The Board of Directors should have five community leaders with representation from business, education, the residential population, and the fire department. The foundation would focus its support primarily on large purchases or programs with long-term returns to the community and would be separate and distinct from municipal funding for the fire department.

Recommendations included short-term and long-term activities that affected the fire department and potentially the entire fire service. Short-term recommendations were the Fire Chief and Deputy Chief were to be Incorporators drafting Articles of Incorporation and other

necessary paperwork for submission to the Secretary of State. Identified individuals should be contacted and asked to serve as Board members.

Long-term recommendations included selection of legal and financial expertise to guide the foundation in those important areas and publicly promote the Foundation.

Table of Contents

	Page
Abstract	2
Table of Contents	4
Introduction	5
Background and Significance	5
Literature review	6
Procedures	15
Results	17
Discussion	19
Recommendations	28
References	31

Introduction

The problem is that the City of Bloomington Fire Department currently has no mechanism to receive direct financial support above and beyond property tax revenue appropriations and apply it to the fire department operation without lengthy, politicized appropriations processes in the city government.

The purpose of this research paper is to investigate the creation of a non-profit foundation for the Bloomington Fire Department for efficient allocation of non-property tax related revenue streams for efficient financial support of the fire department. The study uses a descriptive research methodology. The research questions are:

1. How is a non-profit foundation structured?
2. What is involved in starting a non-profit foundation?
3. Who should be selected as the leadership of the foundation?
4. What will the foundation support in the Bloomington Fire Department?
5. How will the foundation support relate to the city budget funding?

Background and Significance

The background for the Applied Research Project begins with the weeks following September 11, 2001. Local residents were looking for ways to express appreciation and support to both the victims of the tragedies and their local fire department by donating funds to the City of Bloomington Fire Department. There was no efficient method for the City of Bloomington Fire Department to receive, account for, and allocate donations to the fire department operation without extensive political and legislative action. Such action included receiving donations into the city's general fund and legislatively seeking additional appropriations to direct those funds to the fire department. This is significant because it illustrated that the general public or other

organizations have not had a mechanism to make donations of financial support directly to the fire department at any time in the past. The fire department's funding has always been seen as a property tax allocation.

This research is significant to the National Fire Academy Executive Development Course because it creatively addresses course goal number three: to provide quality service (National Fire Academy, 2002). The research is also significant to the United States Fire Administration Operational Objective to promote within communities a comprehensive, multi-hazard risk reduction plan led by the fire service organization (U.S. Fire Administration, Rev. ed. 2001). The research identifies a revenue stream that can be used for such a plan when property tax revenues and municipal budgets are focused on maintaining current operations. Finally, the research is significant to the Bloomington Fire Department as well as other municipal fire departments because it identifies a method for municipal departments to channel alternative revenues directly and efficiently to fire department operations.

Literature Review

The literature review consisted of a number of source materials from the National Fire Academy Learning Resource Center, the local public library, the internet, and personal contacts. The information reviewed was from fire service publications, other government sources, and private publications.

The need for additional revenues

The paid fire departments in this country have historically not generated revenues for the expenditures needed to operate the department. Instead, fire departments have been viewed as a community service and have relied upon local government general funds to finance this service (Ayres & Marks, 1988). Career Fire Departments are becoming more and more aware of the

need for alternative revenues. This has always been an issue to contend with for the volunteer fire departments or the fire protection district but is rapidly changing to be a serious consideration for the career fire department as well (Wren, 1995). “Many American fire chiefs have been bombarded with orders to increase efficiency, ‘do more with less,’ and, if necessary, reduce services. But suppose you could go outside the usual sources of revenues (i.e. taxes) and find new options; would that give the chief more flexibility?” (Fitzwilliam, 1997, p. 117).

Assistant Chief Kent Koelz in his Executive Fire Officer Program Applied Research Paper for the Fire Service Financial Management course specifically investigated alternative funding sources. He reported states like California sent a very clear message from the public demanding additional services but did not want to pay more for those services (1997). In fact, Assistant Chief Koelz’s research included a survey distributed randomly to fire departments across the United States. “The survey indicated the number one reason departments are looking to alternative funding is to purchase those items and equipment that are not normally funded by the general fund” (Koelz, 1997, p. 14). The career fire departments are also facing fiscal challenges with mandated programs that are unfunded such as compliance with the Americans with Disabilities Act, the Fair Labor Standards Act, SARA Title III, and National Fire Protection Association standards such as NFPA 1500 (Wren, 1995). Wren goes on to state that volunteer fire department organizations have relied heavily on contributions, most paid fire departments see contributions as only a minor source of income (1995).

To summarize, the career fire department is now sharing the same concerns that the volunteer counterparts have struggled with throughout history, where will the dollars come from to operate the department? Career fire departments are also facing the reality of questioning what services will continue to be provided or even questioning if the department will be able to

expand into new service areas to meet community needs. Career fire departments are attempting to keep up with service demands, requirements, and all with little or no private contributions as income.

The process for municipal fire department revenue allocation

What makes the issue more complex, is that career fire departments, especially larger departments, are under municipal revenue allocation procedures that often times place the fire department in a more restrictive position due to politics or local legislation (Federal Emergency Management Agency – U.S. Fire Administration, 1999). Though it is ideal to state that public budgeting for fire departments or other services are not politically influenced, “Despite all attempts to rationalize the budget process, public budgeting is an inherently political activity” (Denhardt, 1991, p. 166). Denhardt goes on to describe how budget decisions will always take place in a politically charged environment due to the changing demands in government, the personalities of the players and the policy decisions to be made (1991). It is because of this politically charged environment that Wren states, “Know the rules of the political game” (Wren, 1995, p. 119). Wren goes on to explain that there are elected officials that fire department membership and even the chief need to approach and there are elected officials that the membership or the chief will be prohibited from approaching (1995). Wren also addresses that there are interdepartmental politics to be contended with as well. Those other departments that provide city services that are looking for part of the budget pie and will often times be in direct competition with the fire department (1995). These political and policy decisions that are made by elected officials and budget managers for municipalities all play out in the budget request, hearing, and approval process of municipal government as regulated by local, state, and federal legislation.

To summarize, municipal, career fire departments are frequently under funding restraints not just in the actual dollars available but in the processes that those available dollars are allocated. These restrictions come from legal requirements with what legislation requires but also come from the political desires of elected officials and fiscal managers. These restrictions can even be as severe as elected officials “forbidding” fire department individuals to discuss department needs with other elected officials that have control over fiscal allocations. There is also the interdepartmental competition for the portion of available municipal budget funding that can establish fiscal rivalries with other municipal service departments.

The non-profit foundation structure

The non-profit foundation is either classified as a private foundation or a public charity under the law. The names may use the term endowment, trust, fund, or foundation by the significance is the status of the organization under the law (Shakely, 1976). “To achieve the crucially important public charity status, a community foundation must name itself after the community it serves, it must make grants within that community, and its board (or distribution committee) must represent the community” (Shakely, 1976, p. 4). Section 501(c)(3) of the Internal Revenue Code specifically discusses how an organization must operate under one of eight purposes, with one of the eligible purposes being charitable, to achieve tax exempt status. An additional qualification is that the organization must be foundation, corporation, community chest, or fund (Internal Revenue Service, Rev. 2001). The legal forms of a community foundation can be a single bank trust, a multiple bank trust, trust form with an incorporated distribution committee, or corporate form. The corporate form is the most easily understood and in some states is the required form of community foundation. This form of community foundation is identical to other non-profit corporations in every aspect with the Board of

Directors being the body to make distribution decisions (Shakely, 1976). Ed Thompson is executive associate of the Council on Foundations and said, “We generally encourage the corporate form. Not only are the people more at ease with this form but it is far less cumbersome.” (Shakely, 1976, p. 10).

To summarize, there are two distinct classifications of foundations, private or public charity. The public charity status has certain requirements to be met to enjoy the associated rights and privileges. There are four basic forms of community foundations being simply, single bank trust, a multiple bank trust, trust form with an incorporated distribution committee, or corporate form. The corporate form is the most flexible and is required by some states. The corporate form also is structured identically to the non-profit corporation.

The birth of a non-profit foundation

Because the non-profit foundation of the corporate form and the non-profit corporation are identically structured, we look to the information about how to form a non-profit corporation for the details of starting the foundation. There are specific steps that must be followed to form a non-profit corporation. The first step is to select incorporators. These will be the people that will make agreements on behalf of the corporation while the process of legal formation is underway. The incorporators will also be the individuals to sign the articles of incorporation (Grobman, 1999). The next step is to name the organization. The attainment of public charity status will revolve around the naming of the foundation after the community it serves as well as making grants in that community (Shakely, 1976). The remaining steps include the choice of a corporate purpose, selection of members (or choosing not to have members), and for non-profit status, deciding on the type of corporation such as public benefit versus mutual benefit or religious corporation format (Grobman, 1999). “Bylaws provide general policy guidelines for non-profit

corporations” (Grobman, 1999, p.25). The general policy guidelines the by-laws will cover include identification of officers and establishing terms, meeting locations, meeting times, quorum requirements, location of offices, amendment procedures and many other specific details. All of this information is submitted to the Secretary of State for approvals (Grobman, 1999).

To summarize, non-profit foundations of the corporate form are identical to non-profit corporations. The non-profit corporation needs incorporators to act on behalf of the organization during formation then articles of incorporation and bylaws can be drafted and submitted to the state’s Secretary of State.

Foundation Leadership

“It is a critically important function for non-profit organizations to find and retain qualified, experienced board members and officers” (Grobman, 1999, p. 29). To be effective, the governing body, Board of Directors (or Board), for a community foundation is distinguishable from a private foundation because it should be representative of the community it serves and not just from the community (Shakely, 1976). The objective is to achieve diversity on the Board. This diversity can include qualifications of expertise possibly in fiscal or personnel management, backgrounds with other non-profit organizations, or legal expertise. There should be a representative age range as well as different ethnicity and religious backgrounds represented by the Board. It is also important to include end users of the services the organization will be providing. The specific number of board members will vary depending upon the needs of the specific organization (Grobman, 1999). Evaluation of some specific non-profit organizations revealed sizes ranged from six to fifty people serving as Board members. There are six board members on the Indianapolis Foundation Board of Directors (Indianapolis Foundation, 2002) and

nineteen board members on the Community Foundation of Boone County, Indiana (The Staff, Officers, Board of Directors, and Volunteers of the Community Foundation of Boone County, Indiana, n.d.). The Indiana University Foundation has fifty board members from all across the country and spanning a wide variety of occupations and areas of expertise on their Board of Directors (Indiana University Foundation, 2002).

To summarize, foundation leadership must be representative of the community both to achieve public charity status but also to ensure effective organization and management of the foundation. The composition of the Board of Directors should include varying age groups, community leaders, different ethnic and religious backgrounds, and even include end users of the services provided.

Foundation purpose

Investigation into creating a foundation to support government operations and specifically fire departments is not entirely new. The purpose of a foundation may vary from individual organization to individual organization. The Indianapolis Foundation was mentioned numerous times in much of the literature reviewed up to this point. When looking specifically at the purpose of their organization, which is now an affiliate of Central Indiana Community Foundation, they speak of their purpose as, "... providing donors a vehicle for using their gifts in the most effective ways" (Indianapolis Foundation, 2002, About Us, para. 1). Another significant purpose to foundations in the literature revealed, "Foundations are able to react quickly to new human service needs because of their freedom from restrictive regulations or lack of funding, which often hinders public response" (Government Informational Services & Educational Funding Research Council, 1993, p.8). The Government Informational Services (1993) also reported that foundations have an added benefit in purpose in having the freedom to invest in

innovation, fund higher risk solutions to problems, or even continuing to persist on one course without having to answer to changes in politics or trends. This concept of foundations supporting government activities has been illustrated in service areas other than the fire service. “The Indianapolis Parks Foundation was incorporated in 1991 as a 501(c)(3) organization to provide supplemental support to Indy Parks and Recreation” (Indianapolis Parks Foundation, n.d., Question 1, para. 1). The fire service has started to look into the concept of foundations to supplement the work of the fire department but has had very limited involvement. The Fire Safety Education Fund Incorporated is a non-profit foundation with the purpose of supporting fire safety education programs for children and adults in New York City (New York City Fire Department, n.d.). Phoenix Fire Department also has been looking at the concept of establishing a foundation. They have talked with an existing local foundation named the Arizona Community Foundation but found the organization preferred to make grants to organizations rather than purchase goods or materials. The concept is now being considered as forming a non-profit corporation (Robert Cantwell, personal communication, July 22, 2002).

To summarize, foundations have been organized around the purposes of the public to use their gifts effectively and to allow for rapid reaction to developing needs without the pressures from politics or trends. The purpose of foundations supporting government has been illustrated in the Indianapolis Parks Foundation and in the fire service, an example can be found in New York City with the Fire Safety Education Fund Incorporated. The concept is also getting additional attention from other career departments such as Phoenix, Arizona.

Relationship of foundation to municipal funding

The relationship between non-profit funding supporting government operations is not a new one. Before looking at specific organizations, it is important to note that the Internal

Revenue Service Publication 557 identifies relationships between municipalities and foundations under the Instrumentalities paragraph in the introduction. This paragraph states, “A state or municipal instrumentality may qualify under section 501(c)(3) if it is organized as a separate entity from the government unit that created it and if it otherwise meets the organizational and operational tests of section 501(c)(3)” (Internal Revenue Service, Rev. 2001, p. 15). At the federal level there is the CDC Foundation relationship with the Centers for Disease Control and Prevention, a federal agency that protects America’s safety and health. The CDC foundation exists for the purpose of connecting the scientists at the Centers for Disease Control with funding contributions from the public whether individual or organizational contributions (CDC Foundation, n.d.b). The CDC Foundation states in their own words, “Our Foundation exists to help CDC to do more, faster” (CDC Foundation, n.d.a, para. 3). At the same web site location, the CDC Foundation further identifies how this is accomplished by identifying the four basic areas of need they provide for such as emergency purchasing, staffing on a short term basis, consulting services for preparedness planning, and assistance in procuring technology and equipment quickly (CDC Foundation, n.d.a).

At the local level, municipal government has seen this relationship in other service areas. The Indianapolis Parks Foundation is a charitable organization that provides supplemental support to the Parks and Recreation Department of Indianapolis, Indiana. The foundation wants to enhance recreation by soliciting and encouraging support for the Indianapolis Parks and Recreation Department (Indianapolis Parks Foundation, n.d.).

The relationship also exists in the fire service. The New York Fire Department has established a New York City Fire Safety Education Fund to further the cause of fire safety education. The Fund is a non-profit foundation that supports the mission of the Fire Department

of New York City as it relates to fire safety education for the community and the fire and emergency medical service personnel (New York City Fire Department, n.d.). There is also a Friends of the New York City Fire Department Collection, Incorporated organization which is a non-profit group that works with the New York City Fire Department in managing the fire department museum. The relationship between the organizations involves ownership of the materials in the museum by the fire department as well as the fire department pays for utilities to the museum and the non-profit organization manages the collection, takes care of upkeep and assists with tours. Tours are also conducted by light-duty firefighters of the Fire Department. This non-profit organization also has some interaction with the New York City Fire Safety Education Fund as well as the fire department itself according to Assistant Director Tom Walters with the Friends of the New York City Fire Department Collection, Incorporated (personal communication, August 1, 2002).

To summarize, relationships between non-profit foundations supplementing government agencies are not new. These relationships have been, and currently exist, at the federal level with organizations such as the Centers for Disease Control and at the municipal level. These relationships at the municipal level include departments and service areas such as Parks and Recreation and in some municipalities the fire department.

Procedures

A seven-step process was used to complete this research. First, review of the current allocation process regarding revenue distribution in the City of Bloomington. This procedure involved reviewing day to day operations of the city of Bloomington and the relationship to the fire department and is based on the researcher's cumulative experiences as the Chief of the department in the course of normal duties. The second step was to review the literature available

regarding what fire departments, or other governmental agencies, have already established foundations as an alternative style of financing. The third step was to find out what were the requirements for establishing a non-profit foundation in Bloomington, Indiana, according to the Indiana Secretary of State's office. The fourth step was for the researcher to identify Incorporators who would serve as the initiators for the future organization of the non-profit corporation. The fifth step was to review the composition of other non-profit organization Board of Directors and propose an appropriate Board of Directors for a foundation for the Bloomington Fire Department. The sixth step was to identify and define the purpose of this foundation and how it would support the Bloomington Fire Department. The seventh, and final, step was to consider the Board of Directors relationship to the city of Bloomington fiscal allocation process and design a Board that had no direct ties to that municipal funding process.

Limitations

The research has limitations of scope because it considers only one community's situation regarding political climate, fire department needs, and financial resources. Portions of this research also include identifying a course of action based on the researcher's creativity and experience. Lastly, the research is intended to identify and propose recommendations for a course of action; however implementation of this proposed action is beyond the scope of the research.

Definition of Terms

Foundation: An institution founded and supported by funds, property, or other gifts to produce income.

Non-profit organization: Organizations that are prohibited by law from distributing surplus profits to member individuals.

Trust: A structure organized around an individual assigning another individual or financial institution, known as a trustee, the legal rights to hold, administer, and distribute property, including financial property, according to the originator's obligations and requests.

Results

How is a non-profit foundation structured? There are four major classifications of non-profit foundation structure: a single bank trust, a multiple bank trust, trust form with an incorporated distribution committee, or corporate form. The type structure to be used in the Bloomington Fire Department Foundation should be the corporate structure.

What is involved in starting a non-profit foundation? There should be Incorporators selected to form the corporation. Steps to form the corporation include filing Articles of Incorporation along with thirty dollars to the Indiana Secretary of State Business Services Division in Indianapolis, Indiana. These Articles of Incorporation must set forth the corporate name; its purpose; its address; Incorporators names, addresses, and signatures; identification of whether the corporation will have membership or not; and provisions relating to how assets will be distributed upon dissolution of the corporation. Bylaws to govern the regulations and management of the business affairs of the corporation will also be drafted and may also be submitted with the Articles of Incorporation.

Who should be selected as the leadership of the foundation? During the initial stages of incorporation, the Fire Chief and Deputy Fire Chief of the Bloomington Fire Department should be the Incorporators. The Board of Directors should be representative of the community and consist of individuals from the Bloomington, Indiana area. Specifically, there should be a Board of Directors consisting of at least five individuals representing the fire department, the residential population of the community, the business population of the community, and the educational

population of the community. The specific representatives should consist of The Fire Chief of the Bloomington Fire Department, the Deputy Fire Chief of the Bloomington Fire Department, the President or President's appointment from within the local Chamber of Commerce, a President or Chairperson from one of the active Bloomington Neighborhood Associations, and the Superintendent of the Monroe County School Corporation or the Superintendent's appointee from the school corporation.

What will the foundation support in the Bloomington Fire Department? The foundation will focus its support primarily on large purchases or programs with long-term returns to the community. The foundation will look to provide funds in areas that will not likely receive municipal funding or such municipal funding will be delayed beyond the immediate need. The foundation's investments will focus specifically on investment in innovation and capital expenditures such as land, facilities, or apparatus. It will also look to provide program development and support as well as matching funds for other public, private, or governmental grants to increase leverage of available funds. The Foundation will provide funds for staffing needs typically for terms not to exceed five years, and any other aspect of service of the fire department for the community where the Board of Directors identify a need.

Additionally, the Foundation will support the fire department and the community by providing a method for individuals who wish to make a contribution to the Bloomington Fire Department, an efficient, direct, and politically isolated avenue to provide such support.

How will the foundation support relate to the city budget funding? The foundation will be a supplement to the operation of the Bloomington Fire Department and will not replace any funding from the municipal government to provide fire and emergency services to the public. The specific areas of support outlined in the previous research question reveal the common

denominator in all the support areas is that support from the foundation could be withdrawn at any time and will not have a negative impact on the fire department's existing operations.

Purchase of land, equipment, financing new programs could all be delayed or cancelled without notice and the municipal government funding should be provided in such a way that such delay or cancellation will not effect the provision of fire and emergency services. Municipal funding for the department will need to provide for staffing of services, program development for programs the city is responsible for to its community, maintenance of existing resources, and capital planning for meeting anticipated needs such as new stations or apparatus.

Discussion

How is a non-profit foundation structured?

The foundation will best serve the community through a classification of a public charity. This is also important because the support it will provide to the fire department will benefit the entire community across all demographics. The fire department's programs and responses are not limited to any particular group or sub-group of the community. The sole beneficiary of the existence of the fire department is the community it serves and the foundation acting as a support organization for the fire department will naturally be an extension of that public charity. This classification of public charity will allow for the foundation to be eligible to qualify for federal tax-exempt status (Internal Revenue Service, Rev. 2001). The foundation legal form of organization will be the corporate form. The corporate form is the most easily understood. This form of community foundation is identical to other non-profit corporations in every aspect with the Board of Directors being the body to make distribution decisions (Shakely, 1976). Ed Thompson is executive associate of the Council on Foundations and said, "We generally

encourage the corporate form. Not only are the people more at ease with this form but it is far less cumbersome” (Shakely, 1976, p. 10).

What is involved in starting a non-profit foundation?

There are specific steps that must be followed to form a non-profit corporation. The first step is to select incorporators. These will be the people that will make agreements on behalf of the corporation while the process of legal formation is underway. The incorporators will also be the individuals to sign the articles of incorporation (Grobman, 1999). In forming the Bloomington Fire Department Foundation, the Fire Chief and the Deputy Fire Chief of the Bloomington Fire Department should be selected as the Incorporators. The reasoning behind this selection is that the Chief is the top position in the Bloomington Fire Department and is charged with the responsibility of establishing the vision for the fire department, and the objectives to accomplish that vision. The Deputy Fire Chief should also be an Incorporator to allow for redundancy in case the Fire Chief is unable to fulfill the responsibilities of the position due to illness, injury, or other assignment. Both of these individuals are in a staff capacity which will allow for access to an established office phone, fax, computer, and other resources needed to maintain open channels of communication with those agencies needing information about the establishment of the foundation, such as the Indiana Secretary of State’s office.

The next step is to name the organization. The attainment of public charity status will revolve around the naming of the foundation after the community it serves as well as making grants in that community (Shakely, 1976). Specifically, the state of Indiana requires that the corporate name include the term “corporation,” “incorporated,” “Company,” or “Limited,” or the abbreviation of those terms (Grobman, 1999). The foundation will be named the Bloomington Fire Department Foundation, Incorporated. This corporate name will satisfy the requirements for

the state of Indiana as well as meet the requirements identified to become a public charity foundation. The remaining steps include the choice of a corporate purpose, selection of members (or choosing not to have members), and for non-profit status, deciding on the type of corporation such as public benefit versus mutual benefit or religious corporation format (Grobman, 1999).

The corporate purpose is recommended to be broad enough to allow for growth and changing directions for the organization without having to submit an amendment to the Articles of Incorporation (Grobman, 1999). The corporate purpose must be specific enough though to allow for tax-exempt status by identifying its purposes as one or more of the purposes identified in the Internal Revenue Code in Section 501(c)(3), including charitable, religious, educational, testing for public safety, or one of the other purposes specifically mentioned in the code (Internal Revenue Service, Rev. 2001). The purpose of the Bloomington Fire Department Foundation will be to operate exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and establish itself as a public benefit corporation. The Bloomington Fire Department Foundation will undertake such acts as it deems necessary to further protection and service to the general public of the community of Bloomington, Indiana, in Monroe County as it relates to fire and emergency protection, emergency preparedness and education, and good will toward the community. The Bloomington Fire Department Foundation will not have members but will vest the power and authority of the organization with the Board of Directors.

“Bylaws provide general policy guidelines for non-profit corporations” (Grobman, 1999, p.25). The general policy guidelines the bylaws will cover include identification of officers and establishing terms, meeting locations, meeting times, quorum requirements, location of offices, amendment procedures and many other specific details. All of this information is submitted to the Secretary of State for approvals (Grobman, 1999). The specific bylaws for the Bloomington

Fire Department Foundation will identify officer positions and terms, meeting times and locations, quorum requirements, amendment procedures and many other details.

Who should be selected as the leadership of the foundation?

“It is a critically important function for non-profit organizations to find and retain qualified, experienced board members and officers” (Grobman, 1999, p. 29) To be effective, the governing body, Board of Directors (or Board), for a community foundation is distinguishable from a private foundation because it should be representative of the community it serves and not just from the community (Shakely, p.4). The specific number of board members will vary depending upon the needs of the specific organization (Grobman, 1999). Evaluation of some specific non-profit organizations revealed sizes ranged from six to fifty people serving as Board members. There are six board members on the Indianapolis Foundation Board of Directors (Indianapolis Foundation, 2002). The Bloomington Fire Department Foundation Board of Directors will consist of a minimum of five Board members.

The Bloomington Fire Department Foundation Board will be representative of the community by having at least one person from each of the major customer groups of the Bloomington Fire Department. It is also important to include end users of the services the organization will be providing (Grobman, 1999). The fire department serves a residential population and therefore will have representation by a President from one of the active neighborhood associations in the Bloomington Community to serve on the Bloomington Fire Department Foundation Board. The second major customer base for the fire department is business and commerce. Because of this, there will be one Bloomington Fire Department Foundation Board member from the Bloomington Chamber of Commerce to represent the business component of the services provided by the foundation through the fire department. This

Chamber of Commerce representative will be the President of the Bloomington Chamber of Commerce or the President's appointee from that organization. The third major customer base for the fire department is the education system in the community. The Bloomington Fire Department Foundation will have the Superintendent of the Monroe County Community School Corporation serve as one of the Board members. The Superintendent may choose to appoint a representative from within the school corporation administration in their place if the Superintendent will not be able to fulfill the obligations of the position. The final two Board members will be the Fire Chief and the Deputy Fire Chief of the Bloomington Fire Department. These two individuals represent the fire department itself and will have the ability to create and maintain a link of communication from the goals and objectives of the fire department to the goals and objectives of the foundation. The purpose of the foundation is to support the activities of the fire department and that support must be focused in the same direction as the fire department itself. The objective is to achieve diversity on the Board. This diversity can include qualifications of expertise possibly in fiscal or personnel management, backgrounds with other non-profit organizations, or legal expertise (Grobman, 1999).

What will the foundation support in the Bloomington Fire Department?

The purpose of the Indianapolis Foundation, which is now an affiliate of Central Indiana Community Foundation, "... providing donors a vehicle for using their gifts in the most effective ways" (Indianapolis Foundation, 2002, About Us, para. 1). The first area of support is to provide the community a vehicle for people wishing to make a financial contribution to the fire department an avenue for that purpose to be accomplished without politics or bureaucracies delaying or diverting those finances. This is very important both to the fire department but also to the community. It is this vehicle the foundation provides that satisfies the very concern that

raised this issue following the September 11, 2001, attack. When people from the local community wanted to raise funds for the local firefighters and give it to the department to help, there was no efficient way to accomplish the wishes of those individuals.

“Foundations are able to react quickly to new human service needs because of their freedom from restrictive regulations or lack of funding, which often hinders public response” (Government Informational Services & Educational Funding Research Council, 1993, p.8). The Bloomington Fire Department Foundation will support primarily large purchases or programs with long-term returns to the community. Fire prevention training materials, smoke detectors and batteries, new specialty rescue equipment for activities such as urban search and rescue or water rescue are all specific programs that would qualify. These programs frequently get placed on the back burner of municipal financing because of competing costs in other service departments or because of the need to hold the line with existing services because it is too expensive to embark on these new programs despite the need. The foundation will look to provide funds in areas that will not likely receive municipal funding or such municipal funding will be delayed beyond the immediate need. This type of funding is consistent with the needs of the Bloomington Fire Department but is also consistent with fire department needs across the country. From survey results as part of an Applied Research Paper for the Executive Fire Officer Program, Assistant Chief Kent Koelz (1997) reported the number one reason fire departments look at alternative funding is to purchase what is not normally funded by the general fund.

The Bloomington Fire Department Foundation investments will focus specifically on investment in innovation and capital expenditures such as land, facilities, or apparatus. Frequently there are many, many people that get involved in municipal land procurement and the process can take years. The Bloomington Fire Department Foundation will have the ability to

investigate the needs of the fire department and react quickly to developing acquisition plans that can later be donated to the fire department or sold if the needs change. It will also look to provide program development and support as well as matching funds for other public, private, or governmental grants to increase leverage of available funds.

The CDC Foundation identifies one of the four basic areas of need they provide for is staffing on a short-term basis (CDC Foundation, n.d.a). The Bloomington Fire Department Foundation will provide funds for staffing needs typically for terms not to exceed five years, and any other aspect of service of the fire department for the community where the Board of Directors identify a need. The Bloomington Fire Department Foundation will not make long term staffing commitments because of the long-term impact on municipal government and the foundation. However, the Bloomington Fire Department has seen the city administration make commitments to multi-year staffing plans with a few firefighters each year. The Bloomington Fire Department Foundation would have the flexibility to assist in covering the staffing expense for the interim period to allow for maximum utilization of staffing resources right away.

The Government Information Services & Educational Funding Research Council (1993) also reported that foundations have an added benefit in purpose in having the freedom to invest in innovation, fund higher risk solutions to problems, or even continuing to persist on one course without having to answer to changes in politics or trends. This type of benefit to the Bloomington Fire Department would allow for programs such as a Battalion Chief's Aide or an additional Inspector or Investigator to be tried in the field through Bloomington Fire Department Foundation support. Conclusive results could then be presented to the city administration, specific to Bloomington, Indiana.

This concept of foundations supporting government activities has been illustrated in service areas other than the fire service. “The Indianapolis Parks Foundation was incorporated in 1991 as a 501(c)(3) organization to provide supplemental support to Indy Parks and Recreation” (Indianapolis Parks Foundation, n.d., FAQ Question 1, para. 1). The Bloomington Fire Department Foundation is similar to the Indianapolis Parks Foundation in that they both would support programs and capital needs. The Fire Safety Education Fund Incorporated is a non-profit foundation that supports fire safety education programs for children and adults in New York City (New York City Fire Department, n.d.). The Bloomington Fire Department Foundation would take that concept a few steps further by not restricting the area of assistance to fire safety education. The Phoenix Fire Department is known for taking new innovative approaches to providing fire services to the community. Their department has also been looking at the concept of establishing a foundation. The concept is now being considered as forming a non-profit corporation (Robert Cantwell, personal communication, July 22, 2002).

How will the foundation support relate to the city budget funding?

The foundation will be a supplement to the operation of the Bloomington Fire Department and will not replace any funding from the municipal government to provide fire and emergency services to the public. Municipal government has seen this relationship in other service areas. The Indianapolis Parks Foundation is a charitable organization that provides supplemental support to the Parks and Recreation Department of Indianapolis, Indiana. The foundation wants to enhance recreation by soliciting and encouraging support for the Indianapolis Parks and Recreation Department (Indianapolis Parks Foundation, n.d.). This support relationship fosters support and financing for the city parks department and does not detract from it.

The specific areas of support outlined in the previous research question reveal the common denominator in all the support areas is that support from the foundation could be withdrawn at any time and will not have a negative impact on the Bloomington Fire Department's existing operations. Purchase of land, equipment, financing new programs could all be delayed or cancelled without notice and the municipal government funding should be provided in such a way that such delay or cancellation will not effect the provision of fire and emergency services. The CDC Foundation states in their own words, "Our Foundation exists to help CDC to do more, faster" (CDC Foundation, n.d.a, para. 3). Municipal funding for the department will need to provide for staffing of services, program development for programs the city is responsible for to its community, maintenance of existing resources, and capital planning for meeting anticipated needs such as new stations or apparatus. The CDC Foundation further identifies how this is accomplished by identifying the four basic areas of need they provide for such as emergency purchasing, staffing on a short term basis, consulting services for preparedness planning, and assistance in procuring technology and equipment quickly (CDC Foundation, n.d.a).

The New York City Fire Department also has shown that foundation finances can coexist with municipal financing. There are two non-profit organizations that specifically support the fire safety education and historical preservation of the New York City Fire Department in the New York City Fire Safety Education Fund and the Friends of the New York City Fire Department Collection, Incorporated. These funds provide some financial support to the activities of the fire prevention and historical preservation initiatives but there are also municipal funds from the New York City Fire Department that further those programs as well (New York

City Fire Department, n.d.) & (Assistant Director Tom Walters, personal communication, August 1, 2002).

The final, and probably the most critical, aspect of the foundation support relationship with municipal funding is the composition of the Bloomington Fire Department Foundation Board of Directors. To be effective, the governing body, Board of Directors (or Board), for a community foundation should be representative of the community it serves and not just from the community (Shakely, 1976). The Bloomington Fire Department Foundation Board of Directors achieves this representation through members of the community that are specifically not part of municipal government but are key leaders in their particular area of expertise. There are no elected officials on the Board of Directors and this is by design. This allows for the Bloomington Fire Department Foundation Board of Directors to keep the finances, plans, limitations, and capabilities isolated from the municipal budgeting process. The Chief of the Bloomington Fire Department should be establishing goals of service for the community objectively and communicating those needs to the elected officials, the foundation, and the public regardless of funding sources. By promoting the needs, goals, and objectives of the department in this way, the municipality must assess their actions and ability to fund based on the municipality's circumstances. The Bloomington Fire Department Foundation will in turn assess actions and funding based on the foundation's circumstances. This allows for the funding, if any from either source, to be determined independently.

Recommendations

The results of this research indicate how a non-profit organization is structured, formed, and led. The needs and methods to meet those needs have been identified for the Bloomington Fire Department and similarities to other career fire departments are likely to exist. The

recommendations include both long-term and short-term activities that will affect the Bloomington Fire Department and potentially the entire fire service. Three short-term recommendations and two long-term recommendations are presented.

The first short-term recommendation is the Bloomington Fire Department Chief and Deputy Chief should be formally identified as Incorporators for the new Bloomington Fire Department Foundation. Second, people identified through the research process as appropriate members for the Board of Directors for the Bloomington Fire Department Foundation should be contacted and asked to serve in such a capacity. Third, the Incorporators, with potential assistance from future Board members, should draft Articles of Incorporation, Bylaws, and complete tax exemption paperwork for review by legal counsel, and submit such items to the appropriate government agencies.

Long-term recommendations include the Bloomington Fire Department Foundation leadership selecting legal counsel and a financial institution to guide the foundation through those areas of expertise on an on-going basis. The second long-term recommendation is for the Bloomington Fire Department Foundation to promote the organization as an option for the public to make direct contributions to the emergency preparedness and response in the community.

Expected benefits include additional financial support for the equipment, programs and activities of the Bloomington Fire Department. There is also an expectation that the community will feel more connected with their Bloomington Fire Department services by showing the fire department is actively searching for ways to better serve the public and looking for creative and financially responsible methods to accomplish that service.

Recommendations for future readers and other career fire departments include repeating the research procedures for their specific community to assess how this concept could be applied.

This research investigated multiple forms of organizing methods for non-profit and chose one to fit the needs of Bloomington, Indiana. Future researchers and fire service practitioners are encouraged to continue to seek new and creative methods for both raising and controlling alternative funds.

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